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**Tobin & Co.**

Suttons Bay-Bingham Fire & Rescue Department

Leelanau County, Michigan

Audit Report

For the Year Ended March 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

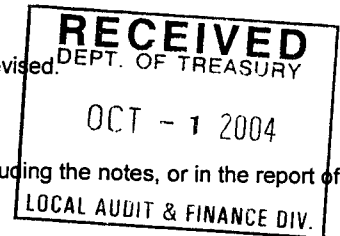
|   |                         |  |                    |
|---|-------------------------|--|--------------------|
| Local Government Type<br><input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other |                         | Local Government Name<br>Suttons Bay-Bingham<br>Fire and Rescue Department | County<br>Leelanau |
| Audit Date<br>3/31/04   | Opinion Date<br>9/21/04 | Date Accountant Report Submitted to State:<br>9/28/04                      |                    |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

|   | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations.                                   | X        |                 |              |
| Reports on individual federal financial assistance programs (program audits). |          |                 | X            |
| Single Audit Reports (ASLGU).   |          |                 | X            |

|  |  |                       |             |
|--|--|-----------------------|-------------|
| Certified Public Accountant (Firm Name)<br>Tobin & Co., P.C. |  |                       |             |
| Street Address<br>400 E. Eighth St.                          |  | City<br>Traverse City | State<br>MI |
| Accountant Signature<br>John D. Tobin, CPA                   |  | ZIP<br>49686          | Date        |

# **Tobin & Co.**

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INTRODUCTORY SECTION

# **Tobin & Co.**

## Comments and Recommendations

We have examined the general purpose financial statements and the combining and individual fund and account group financial statements of Suttons Bay-Bingham Fire and Rescue Department (the Department), Leelanau County, for the year ended March 31, 2004 and have issued our report thereon. As part of our examination, we made a study and evaluation of the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Department's general purpose financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Department taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

### General

The Suttons Bay-Bingham Fire and Rescue Department was organized by the two Township Boards to provide fire protection, ambulance and emergency rescue service to their respective residents. The Department is financed by equal contributions from the two Townships and by property tax levies on property owners of the two Townships. The Department is administered by a Committee appointed by the two Township Boards. Suttons Bay, Michigan is the headquarters of the Department, with funds received and deposited by the Suttons Bay Township Treasurer and disbursed on order of the Committee. The Committee meets monthly and maintains minutes of its meetings.

The Department records are maintained on a QuickBooks computer program with the records of all funds being accounted for in one set of books. The Department operations have expanded over the past few years to a point where it is cumbersome separating the transactions of the various special revenue funds. You should again consider establishing separate QuickBooks accounting records for each fund so that transactions are separated by fund at the time transactions are posted to the books.

### Internal Control

Management is responsible for establishing and maintaining a system of internal control. Internal controls are policies and procedures designed to provide, among other things, reasonable assurance that assets are safeguarded against unauthorized use and disposition and that financial reports are accurate.

### Bank Reconciliations

The checking account is reconciled with the Quickbooks program and appears to be working adequately. There was a small unreconciled difference at March 31, 2004.

# **Tobin & Co.**

## Comments and Recommendations

### Payroll Taxes

Payroll tax returns, W-2 filings, and required payments appear to be timely and accurate.

### Billing Procedures

The Department contracts with Accumed for billing services. The billing and collection process is performed by Accumed, and collections are deposited into the Department bank account. Policies and procedures have been formulated in a manual for use by personnel.

### Budgets and Procedures

The budget document adopted for the year was approved by cost-center. It did not appear that a budget was adopted for the Building Fund.

### General Operating Fund

This Fund, presented on Schedule 3, is used to account for the general operations of the Department. Revenues consist primarily of appropriations of the participating Townships, property taxes, and charges for ambulance or rescue service. It reflects the general administrative expenses of the joint Fire and Rescue Department. Revenues for the audit year totaled \$597,613, while expenditures totaled \$556,852. \$25,000 was transferred to other funds. At March 31, 2004, there was a Fund balance of \$213,364.

### Equipment Replacement Fund

This Fund, presented on Schedule 4, is used to account for appropriations from participating Townships and transfers from other Funds of the Department earmarked for equipment purchases. For the audit year, there were no revenues and expenditures for capital outlay amounted to \$29,829. The fund received an operating transfer of \$20,000. The fund balance at March 31, 2004 was \$5,328.

### Vehicle Replacement Fund

This Fund is presented on Schedule 5. There were no revenues or expenditures during the year, and the ending fund balance was \$22,199.

### Building Fund

This Fund is presented on Schedule 6. There were revenues of \$62,900 for the year. Expenditures for capital outlay and debt service amounted to \$78,645. Transfers in totaled \$5,000. The ending fund balance was \$6,815.

### Budget Stabilization Fund

This Fund is presented on Schedule 7. The fund made remained unchanged during the year at \$20,000.

# **Tobin & Co.**

## Comments and Recommendations

### General Fixed Assets

Note 5 of this report reflects changes in general fixed assets (buildings, equipment, vehicles) for the audit year. It is essential that an inventory of general fixed assets be maintained on a current basis. For the year beginning on April 1, 2004, the Department must comply with Government Accounting Standard #34, and this will require detailed records of all general fixed assets.

### Deferred Revenue

Delinquent taxes receivable from Suttons Bay and Bingham Township are recorded as deferred revenue because the funds were not available to finance operations during the fiscal year.

Additionally, revenues from ambulance and emergency services are deferred until collection occurs.

### Other Data

Expenditures to replenish petty cash during the year were posted to the Petty Cash Imprest account. Those amounts should be posted to expense accounts. In addition, there is an account in the general ledger for employee advances, and it appears that no effort is being made to recover these amounts.

We were pleased to note the use of interest bearing accounts by the Treasurer. This resulted in earned interest of \$1,367 for the audit year. The continued use of interest bearing accounts and other authorized investments is encouraged.

The Fire and Rescue Department carries such insurance coverage as fleet, workmen's compensation, liability, portable equipment, accident coverage, etc. We were informed that insurance coverage was reviewed during the audit year. The Board should make certain that surety bond coverage is obtained where necessary to enhance internal control.

After completion of our audit, we will mail the necessary copies of our audit report to the State Department of Treasury.

We appreciate the courtesy extended our field auditor during the conduct of the audit. Your confidence is respected. Please contact us if questions or problems arise.

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FINANCIAL SECTION



# Tobin & Co.

## INDEPENDENT AUDITORS' REPORT

To the Suttons Bay-Bingham Fire and Rescue Board  
Leelanau County  
Suttons Bay, Michigan 49682

We have audited the general purpose financial statements of the Suttons Bay-Bingham Fire and Rescue Department as of and for the year ended March 31, 2004, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements present fairly in all material respects, the financial position of such funds of the Suttons Bay-Bingham Fire and Rescue Department at March 31, 2004, and the results of operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental financial information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Tobin & Co., P.C.*

Tobin & Co., P.C.  
September 21, 2004

Suttons Bay-Bingham Fire and Rescue Department

Exhibit A

Combined Balance Sheet – All Fund Types and Account Groups

March 31, 2004

|  | Governmental      | Account             |                   |
|--|-------------------|---------------------|-------------------|
|  | <u>Fund Types</u> | <u>Groups</u>       |                   |
|  | <u>Special</u>    | <u>General</u>      | <u>Long-Term</u>  |
| <u>Assets</u>                            | <u>Revenue</u>    | <u>Fixed</u>        | <u>Debt</u>       |
|  |                   | <u>Assets</u>       |                   |
| Cash in Bank                             | \$ 22,125         | \$ -                | \$ -              |
| Investments                              | 278,925           | -                   | -                 |
| Accounts Receivable                      | 35,092            | -                   | -                 |
| Taxes Receivable                         | 28,844            | -                   | -                 |
| Amount to Be Provided for Long-Term Debt | -                 | -                   | 360,322           |
| Land, Buildings, and Improvements        | -                 | 603,186             | -                 |
| Communications Equipment                 | -                 | 47,909              | -                 |
| Fire-Rescue Equipment                    | -                 | 200,898             | -                 |
| Vehicles                                 | -                 | 954,307             | -                 |
| Office Equipment                         | -                 | 22,510              | -                 |
| Total Assets                             | <u>\$ 364,986</u> | <u>\$ 1,828,810</u> | <u>\$ 360,322</u> |
| <u>Liabilities and Fund Equity</u>       |                   |                     |                   |
| Liabilities:                             |                   |                     |                   |
| Payroll Taxes                            | \$ 4,239          | \$ -                | \$ -              |
| Accrued Vacation and Sick Leave          | -                 | -                   | 11,503            |
| Note Payable                             | -                 | -                   | 348,819           |
| Deferred Revenue                         | 63,183            | -                   | -                 |
| Total                                    | <u>67,422</u>     | <u>-</u>            | <u>360,322</u>    |
| Fund Equity:                             |                   |                     |                   |
| Investment in General Fixed Assets       | -                 | 1,828,810           | -                 |
| Fund Balance                             | 297,564           | -                   | -                 |
| Total                                    | <u>297,564</u>    | <u>1,828,810</u>    | <u>-</u>          |
| Total Liabilities and Fund Equity        | <u>\$ 364,986</u> | <u>\$ 1,828,810</u> | <u>\$ 360,322</u> |

The Notes to the Financial Statements are an integral part of this statement.

## Tobin & Co.

Total  
(Memo Only)

\$ 22,125  
278,925  
35,092  
28,844  
360,322  
603,186  
47,909  
200,898  
954,307  
22,510

\$ 2,554,118

\$ 4,239  
11,503  
348,819  
63,183

427,744

1,828,810  
297,564

2,126,374

\$ 2,554,118

# Tobin & Co.

## Suttons Bay-Bingham Fire and Rescue Department

Exhibit B

### Combined Statement of Revenues, Expenditures and Changes in Fund Balance

#### All Governmental Fund Types

For the Year Ended March 31, 2004

#### Revenues

|                              |                |
|------------------------------|----------------|
| Contributions from Townships | \$ 466,427     |
| Grant                        | 45,000         |
| Charges for Services         | 148,536        |
| Interest and Rents           | 1,367          |
| Other Revenues               | <u>25,000</u>  |
| Total                        | <u>686,330</u> |

#### Expenditures

|                |                |
|----------------|----------------|
| Public Safety  | 544,688        |
| Capital Outlay | 101,656        |
| Debt Service   | <u>14,941</u>  |
| Total          | <u>661,285</u> |

|                                       |               |
|---------------------------------------|---------------|
| <u>Excess Revenues (Expenditures)</u> | <u>25,045</u> |
|---------------------------------------|---------------|

#### Other Financing Sources

|               |                 |
|---------------|-----------------|
| Transfers In  | 25,000          |
| Transfers Out | <u>(25,000)</u> |
| Total         | <u>-</u>        |

|   |        |
|---|--------|
| <u>Excess Revenues (Expenditures) and</u><br><u>Other Financing Sources</u> | 25,045 |
|---|--------|

|   |                |
|---|----------------|
| <u>Fund Balance</u> – Beginning of Year | <u>272,519</u> |
|---|----------------|

|                                   |                   |
|-----------------------------------|-------------------|
| <u>Fund Balance</u> – End of Year | <u>\$ 297,564</u> |
|-----------------------------------|-------------------|

The Notes to the Financial Statements are an integral part of this statement.

# Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Exhibit C

## Combined Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Special Revenue Funds

For the Year Ended March 31, 2004

|   | <u>Special Revenue Funds</u> |                   |                                    |
|---|------------------------------|-------------------|------------------------------------|
|   | <u>Budget</u>                | <u>Actual</u>     | <u>Favorable<br/>(Unfavorable)</u> |
| <u>Revenues</u>   |                              |                   |                                    |
| Contributions from Townships  | \$ 450,770                   | \$ 466,427        | \$ 15,657                          |
| Grant   | -                            | 45,000            | 45,000                             |
| Charges for Services  | 163,000                      | 148,536           | (14,464)                           |
| Interest and Rents  | 5,000                        | 1,367             | (3,633)                            |
| Other Revenues  | -                            | 25,000            | 25,000                             |
| Total   | <u>618,770</u>               | <u>686,330</u>    | <u>67,560</u>                      |
| <u>Expenditures</u>   |                              |                   |                                    |
| Public Safety   | 616,267                      | 544,688           | 71,579                             |
| Capital Outlay  | 9,000                        | 101,656           | (92,656)                           |
| Debt Service  | -                            | 14,941            | (14,941)                           |
| Total   | <u>625,267</u>               | <u>661,285</u>    | <u>(36,018)</u>                    |
| <u>Excess Revenues (Expenditures)</u>                                 | <u>(6,497)</u>               | <u>25,045</u>     | <u>31,542</u>                      |
| <u>Other Financing Sources</u>  |                              |                   |                                    |
| Transfers In  | 25,000                       | 25,000            | -                                  |
| Transfers Out   | <u>(25,000)</u>              | <u>(25,000)</u>   | -                                  |
| Total   | <u>-</u>                     | <u>-</u>          | <u>-</u>                           |
| <u>Excess Revenues (Expenditures) and<br/>Other Financing Sources</u> | (1) <u>\$ (6,497)</u>        | 25,045            | <u>\$ 31,542</u>                   |
| <u>Fund Balance – Beginning of Year</u>                               |                              | <u>272,519</u>    |                                    |
| <u>Fund Balance – End of Year</u>                                     |                              | <u>\$ 297,564</u> |                                    |

(1) Budgeted from Fund Balance

The Notes to the Financial Statements are an integral part of this statement.

# **Tobin & Co.**

## Suttons Bay-Bingham Fire and Rescue Department

### Notes to Financial Statements

March 31, 2004

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

The Townships of Suttons Bay and Bingham organized a joint Fire and Rescue Department (the Department) to service the two Townships and appointed a Committee to oversee the operation. The Department is financed by the participating units.

The Department's general purpose financial statements include the accounts of all Department operations. The criteria for including organizations within the Department's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*", includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

##### B. Basis of Presentation

The financial activities of the Department are recorded in separate self-balancing funds and account groups, categorized and described as follows:

###### Governmental Funds

Special Revenue Funds – These Funds are used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

###### Account Groups

General Fixed Assets – This account group presents the fixed assets of the Department utilized in its general operations (non-proprietary fixed assets).

Long-Term Debt – This account group presents long-term liabilities which are not reported in the governmental funds.

##### C. Basis of Accounting

All governmental funds and agency funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized when received in cash except for those susceptible to accrual, which are recorded as receivables when measurable and as revenue when available to finance current operations. Significant revenues susceptible to accrual include property taxes, expenditure reimbursement type grants, certain intergovernmental revenues and operating transfers. Expenditures are recorded when the liability is incurred, except for interest on long-term debt, which is recorded when paid.

# **Tobin & Co.**

## Suttons Bay-Bingham Fire and Rescue Department

### Notes to Financial Statements

March 31, 2004

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### D. Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Fiduciary Fund Type Non-Expendable Trust Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with the activity are included on their balance sheets. Their operating statements present increases (revenues) and decreases (expenses) in net total assets.

##### E. Budgets

Special Revenue Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect results and consist only of those amounts contained in the formal budget approved and amended by the Department.

In the body of the financial statements, the Department's actual and budgeted expenditures for the budgetary fund have been shown on a functional basis. The approved budgets for these funds were adopted to the cost center level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the Township.

For budgetary purposes appropriations lapse at fiscal year end.

##### F. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain general fixed assets consisting of roads, bridges, curbs, gutters, streets, sidewalks, drainage systems and lighting systems are excluded from general fixed assets because such items are immovable and of value only to the Department. General fixed assets are not subject to annual depreciation expense.

# **Tobin & Co.**

## Suttons Bay-Bingham Fire and Rescue Department

### Notes to Financial Statements

March 31, 2004

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### F. Fixed Assets (Continued)

Fixed assets are recorded at historical cost. Donated fixed assets are valued and recorded at the fair market value at date of receipt.

##### G. Investments

Investments as of March 31, 2004 consisted of an investment at a local bank trust department in a mutual fund consisting of allowable investments for local units of government.

##### H. Accounts Receivable and Deferred Revenue

The Department contracts with an independent party to perform billing for fire and rescue services. The Department does not accept assignment of its receivables and consequently accepts payments from insurance companies as payment, in full, for charges. Accounts receivable are recorded at the time services are performed and billed, and revenue recognition is deferred until collections occur, i.e., when funds are available for use in operations.

##### I. Total Column

The "total" columns on the combined financial statements are captioned "memo only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund transactions have not been eliminated in the aggregation of this data.

##### J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



# **Tobin & Co.**

## Suttons Bay-Bingham Fire and Rescue Department

### Notes to Financial Statements

March 31, 2004

#### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. There are no known violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. No funds had deficit fund balances at March 31, 2004.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2004 the Equipment Replacement Fund and the Fire Building Fund were not budgeted.

#### NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

##### A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Department, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- 1. In bonds, securities, and other direct obligations of the United States or an agency or instrumentality of the United States.
- 2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with the State reporting requirement in subsection (2).
- 3. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures no more than 270 days after date of purchase.
- 4. Repurchase agreements consisting of instruments defined in (1) above.
- 5. In bankers' acceptances of United States Banks.
- 6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.

# **Tobin & Co.**

## Suttons Bay-Bingham Fire and Rescue Department

### Notes to Financial Statements

March 31, 2004

#### NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

##### A. Legal Provisions for Deposits and Investments (continued)

7. In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

##### B. Types of Deposits and Investments

The Department had \$29,069 deposited with local financial institutions at March 31, 2004 with a carrying value of \$21,321. Interpreting the FDIC insurance coverage of \$100,000 per demand deposit account and \$100,000 per time deposit account in each depository, the Department had no uninsured deposits at March 31, 2004.

Investments of \$278,925 are carried at market value (which approximates cost) and represent an investment in a mutual fund composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

#### NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts billed for fire and rescue services. The Department accepts assignment to insurers. No allowance for doubtful accounts has been recorded since it is not considered necessary.

#### NOTE 5 - CHANGES IN GENERAL FIXED ASSETS

|                                   | <u>Balance</u><br><u>3/31/03</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Balance</u><br><u>3/31/04</u> |
|-----------------------------------|----------------------------------|-------------------|------------------|----------------------------------|
| Land, Buildings, and Improvements | \$ 539,482                       | \$ 63,704         | \$ -             | \$ 603,186                       |
| Office Equipment                  | 22,510                           | -                 | -                | 22,510                           |
| Communications Equipment          | 47,909                           | -                 | -                | 47,909                           |
| Fire-Rescue Equipment             | 162,946                          | 37,952            | -                | 200,898                          |
| Vehicles                          | 954,307                          | -                 | -                | 954,307                          |
| Total                             | <u>\$ 1,727,154</u>              | <u>\$ 101,656</u> | <u>\$ -</u>      | <u>\$ 1,828,810</u>              |

# **Tobin & Co.**

## Suttons Bay-Bingham Fire and Rescue Department

### Notes to Financial Statements

March 31, 2004

#### NOTE 6 - LONG-TERM DEBT

In August 2002, the Department purchased real estate in Suttons Bay, Michigan. The real estate will be used in future Department operations.

In connection with the purchase, \$350,000 was borrowed from a bank. The current unpaid balance is \$348,819. Terms of the loan call for interest at the prime rate with the note due on August 15, 2004.

#### NOTE 7 - LOANS AND TRANSFERS BETWEEN FUNDS

During the year there were no loans or transfers between funds.

#### NOTE 8 - INVENTORIES

The Department does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expense at time of purchase.

#### NOTE 9 - PENSION PLAN

The Department has two defined contribution benefit plans with separate provisions for rescue department employees and fire volunteers. The Department Treasurer administers both plans.

The retirement plan available to substantially all rescue employees provides for Department contributions of up to 4% of gross salaries earned by employees. Employer contributions vest at the time contributions are made, and distributions are made the earlier of thirty-one days after participant's separation from service or attainment of age 70 ½. During the year ended March 31, 2004, the Department contributed \$8,778 to the plan.

The Department has a defined contribution plan for its fire volunteers, which is not insured by the pension benefit guaranty corporation because it is discretionary. The plan was adopted on April 1, 1990. Individuals are eligible to participate in the plan when then Department accepts application and they pass a physical examination. Contributions vest to volunteers after completing five years of service, with years of service credited for twelve consecutive months of service. Payments are made at normal retirement age of sixty-five, or upon total disability, death or termination of employment. During the year ended March 31, 2004, the Board elected to contribute \$25,160 to the pension plan.

#### NOTE 10 - CONTINGENT LIABILITIES

There are no known contingent liabilities of the Suttons Bay-Bingham Fire and Rescue Department.

# **Tobin & Co.**

## Suttons Bay-Bingham Fire and Rescue Department

### Notes to Financial Statements

March 31, 2004

#### NOTE 11 - RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Department addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

#### NOTE 12 - COMPENSATED ABSENCES

The Department provides personnel with paid vacation/sick days. Paid vacation/sick days accrue beginning each fiscal year with a maximum of 144 hours. Unused vacation/sick pay is paid to personnel at time of termination. At March 31, 2004, the liability is estimated at \$11,503 and is accrued in the Long-Term Debt Account Group.

SUPPLEMENTAL DATA SECTION

Suttons Bay-Bingham Fire and Rescue DepartmentSchedule 1Combining Balance SheetAll Special Revenue FundsMarch 31, 2004

|                                    | <u>General<br/>Operating<br/>Fund</u> | <u>Equipment<br/>Replacement<br/>Fund</u> | <u>Vehicle<br/>Replacement<br/>Fund</u> | <u>Building<br/>Fund</u> |
|------------------------------------|---------------------------------------|---|---|--------------------------|
| <u>Assets</u>                      |                                       |   |   |                          |
| Cash in Bank                       | \$ 22,125                             | \$ -                                      | \$ -                                    | \$ -                     |
| Investments                        | 224,583                               | 5,328                                     | 22,199                                  | 6,815                    |
| Accounts Receivable                | 35,092                                | -   | -                                       | -                        |
| Taxes Receivable                   | <u>28,844</u>                         | <u>-</u>                                  | <u>-</u>                                | <u>-</u>                 |
| Total                              | <u>\$ 310,644</u>                     | <u>\$ 5,328</u>                           | <u>\$ 22,199</u>                        | <u>\$ 6,815</u>          |
| <u>Liabilities and Fund Equity</u> |                                       |   |   |                          |
| Liabilities:                       |                                       |   |   |                          |
| Payroll Taxes                      | \$ 4,239                              | \$ -                                      | \$ -                                    | \$ -                     |
| Deferred Revenue                   | <u>63,183</u>                         | <u>-</u>                                  | <u>-</u>                                | <u>-</u>                 |
| Total                              | <u>67,422</u>                         | <u>-</u>                                  | <u>-</u>                                | <u>-</u>                 |
| Fund Equity:                       |                                       |   |   |                          |
| Fund Balance                       | <u>243,222</u>                        | <u>5,328</u>                              | <u>22,199</u>                           | <u>6,815</u>             |
| Total                              | <u>243,222</u>                        | <u>5,328</u>                              | <u>22,199</u>                           | <u>6,815</u>             |
| Total Liabilities and Fund Equity  | <u>\$ 310,644</u>                     | <u>\$ 5,328</u>                           | <u>\$ 22,199</u>                        | <u>\$ 6,815</u>          |

The Notes to the Financial Statements are an integral part of this statement.

## Tobin & Co.

| Budget<br>Stabilization<br>Fund | Total             |
|---------------------------------|-------------------|
| \$ -                            | \$ 22,125         |
| 20,000                          | 278,925           |
| -                               | 35,092            |
| -                               | 28,844            |
| <u>\$ 20,000</u>                | <u>\$ 364,986</u> |

|      |          |
|------|----------|
| \$ - | \$ 4,239 |
| -    | 63,183   |
| -    | 67,422   |

|               |                |
|---------------|----------------|
| <u>20,000</u> | <u>297,564</u> |
|---------------|----------------|

|               |                |
|---------------|----------------|
| <u>20,000</u> | <u>297,564</u> |
|---------------|----------------|

|                  |                   |
|------------------|-------------------|
| <u>\$ 20,000</u> | <u>\$ 364,986</u> |
|------------------|-------------------|

Suttons Bay-Bingham Fire and Rescue DepartmentSchedule 2Combining Statements of Revenues, Expenditures and Changes in Fund BalanceAll Special Revenue FundsFor the Year Ended March 31, 2004

|   | <u>General<br/>Operating<br/>Fund</u> | <u>Equipment<br/>Replacement<br/>Fund</u> | <u>Vehicle<br/>Replacement<br/>Fund</u> | <u>Building<br/>Fund</u> |
|---|---------------------------------------|---|---|--------------------------|
| <u>Revenues</u>   |                                       |   |   |                          |
| Contributions from Townships  | \$ 448,527                            | \$ -                                      | \$ -                                    | \$ 17,900                |
| Grants  | -                                     | -   | -                                       | 45,000                   |
| Charges for Services  | 148,536                               | -   | -                                       | -                        |
| Interest and Rents  | 1,367                                 | -   | -                                       | -                        |
| Other Revenues  | <u>25,000</u>                         | <u>-</u>                                  | <u>-</u>                                | <u>-</u>                 |
| Total   | <u>623,430</u>                        | <u>-</u>                                  | <u>-</u>                                | <u>62,900</u>            |
| <u>Expenditures</u>   |                                       |   |   |                          |
| Public Safety   | 544,688                               | -   | -                                       | -                        |
| Capital Outlay  | 8,123                                 | 29,829                                    | -                                       | 63,704                   |
| Debt Service  | <u>-</u>                              | <u>-</u>                                  | <u>-</u>                                | <u>14,941</u>            |
| Total   | <u>552,811</u>                        | <u>29,829</u>                             | <u>-</u>                                | <u>78,645</u>            |
| <u>Excess Revenues (Expenditures)</u>                                 | <u>70,619</u>                         | <u>(29,829)</u>                           | <u>-</u>                                | <u>(15,745)</u>          |
| <u>Other Financing Sources</u>  |                                       |   |   |                          |
| Transfers In  | -                                     | 20,000                                    | -                                       | 5,000                    |
| Transfers Out   | <u>(25,000)</u>                       | <u>-</u>                                  | <u>-</u>                                | <u>-</u>                 |
| Total   | <u>(25,000)</u>                       | <u>20,000</u>                             | <u>-</u>                                | <u>5,000</u>             |
| <u>Excess Revenues (Expenditures) and<br/>Other Financing Sources</u> | <u>45,619</u>                         | <u>(9,829)</u>                            | <u>-</u>                                | <u>(10,745)</u>          |
| <u>Fund Balance – Beginning of Year</u>                               | <u>197,603</u>                        | <u>15,157</u>                             | <u>22,199</u>                           | <u>17,560</u>            |
| <u>Fund Balance – End of Year</u>                                     | <u>\$ 243,222</u>                     | <u>\$ 5,328</u>                           | <u>\$ 22,199</u>                        | <u>\$ 6,815</u>          |

The Notes to the Financial Statements are an integral part of this statement.



## Tobin & Co.

| <u>Budget<br/>Stabilization<br/>Fund</u> | <u>Total</u>      |
|--|-------------------|
| \$ -                                     | \$ 466,427        |
| -  | 45,000            |
| -  | 148,536           |
| -  | 1,367             |
| <u>-</u>                                 | <u>25,000</u>     |
| <u>-</u>                                 | <u>686,330</u>    |
| -  | 544,688           |
| -  | 101,656           |
| <u>-</u>                                 | <u>14,941</u>     |
| <u>-</u>                                 | <u>661,285</u>    |
| <u>-</u>                                 | <u>25,045</u>     |
| -  | 25,000            |
| <u>-</u>                                 | <u>(25,000)</u>   |
| <u>-</u>                                 | <u>-</u>          |
| -  | 25,045            |
| <u>20,000</u>                            | <u>272,519</u>    |
| <u>\$ 20,000</u>                         | <u>\$ 297,564</u> |

# Tobin & Co.

## Suttons Bay-Bingham Fire and Rescue Department

Schedule 3

Page 1

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### General Operating Fund

For the Year Ended March 31, 2004

|                                      | <u>Budget</u>  | <u>Actual</u>  | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--------------------------------------|----------------|----------------|---|
| <u>Revenues</u>                      |                |                |   |
| Contributions from Local Government: |                |                |   |
| Appropriations:                      |                |                |   |
| Bingham Township                     | \$ 26,000      | \$ 50,000      | \$ 24,000                                       |
| Suttons Bay Township                 | 26,000         | 50,000         | 24,000  |
| Property Tax Collections:            |                |                |   |
| Bingham Township                     | 183,270        | 181,652        | (1,618)   |
| Suttons Bay Township                 | 215,500        | 166,875        | (48,625)  |
| Charges for Services:                |                |                |   |
| Rescue Runs                          | 163,000        | 148,536        | (14,464)  |
| Interest and Rents:                  |                |                |   |
| Earned Interest                      | 5,000          | 1,367          | (3,633)   |
| Other Revenue:                       |                |                |   |
| Leland Contract                      | -              | 25,000         | 25,000  |
| Total                                | <u>618,770</u> | <u>623,430</u> | <u>4,660</u>                                    |
| <u>Expenditures</u>                  |                |                |   |
| ALS General Operations:              |                |                |   |
| Office Supplies                      | -              | 2,408          | -   |
| General Supplies                     | -              | 6,402          | -   |
| Medical                              | -              | 3,869          | -   |
| Oxygen                               | -              | 2,469          | -   |
| Maintenance                          | -              | 3,505          | -   |
| Education and Dues                   | -              | 798            | -   |
| Miscellaneous                        | -              | 308            | -   |
| Total                                | <u>23,150</u>  | <u>19,759</u>  | <u>3,391</u>                                    |

The Notes to the Financial Statements are an integral part of this statement.

# Tobin & Co.

## Suttons Bay-Bingham Fire and Rescue Department

Schedule 3

Page 2

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### General Operating Fund

For the Year Ended March 31, 2004

|                                 | <u>Budget</u>  | <u>Actual</u>  | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------|----------------|----------------|---|
| <u>Expenditures (Continued)</u> |                |                |   |
| Building:                       |                |                |   |
| Utilities                       | -              | 10,918         | -   |
| General Repairs and Supplies    | -              | 7,652          | -   |
| Total                           | <u>20,150</u>  | <u>18,570</u>  | <u>1,580</u>                                    |
| Compensation:                   |                |                |   |
| Standby                         | -              | -              | -   |
| Fire Chief                      | -              | 10,000         | -   |
| Deputy Fire Chief               | -              | 1,500          | -   |
| Reserve Pool                    | -              | 14,438         | -   |
| Paramedic Wages                 | -              | 234,849        | -   |
| Payroll Taxes                   | -              | 75,662         | -   |
| Total                           | <u>379,169</u> | <u>336,449</u> | <u>42,720</u>                                   |
| Administration and General:     |                |                |   |
| Secretary                       | -              | 825            | -   |
| Contractual Services            | -              | 26,170         | -   |
| Total                           | <u>31,038</u>  | <u>26,995</u>  | <u>4,043</u>                                    |

The Notes to the Financial Statements are an integral part of this statement.

# Tobin & Co.

## Suttons Bay-Bingham Fire and Rescue Department

Schedule 3

Page 3

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### General Operating Fund

For the Year Ended March 31, 2004

|                                     | <u>Budget</u>  | <u>Actual</u>  | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|-------------------------------------|----------------|----------------|---|
| <u>Expenditures (Continued)</u>     |                |                |   |
| Fire Department General Operations: |                |                |   |
| Office Supplies                     | -              | 500            | -   |
| General Supplies                    | -              | 902            | -   |
| SCBA Air                            | -              | 167            | -   |
| Radios and Pagers                   | -              | 4,207          | -   |
| Equipment Maintenance               | -              | 1,347          | -   |
| Miscellaneous                       | -              | 500            | -   |
| Dues and Memberships                | -              | 1,117          | -   |
| Education and Travel                | -              | 4,801          | -   |
| Physical Exams                      | -              | 1,915          | -   |
| Total                               | <u>16,600</u>  | <u>15,456</u>  | <u>1,144</u>                                    |
| Insurance and Fringe Benefits:      |                |                |   |
| Fire and Casualty                   | -              | 14,664         | -   |
| Workmen's Compensation              | -              | 18,189         | -   |
| Health Insurance                    | -              | 44,613         | -   |
| Life Insurance                      | -              | 565            | -   |
| L.O.S.A.P. Payments                 | -              | 25,160         | -   |
| Clothing                            | -              | 4,679          | -   |
| Retirement                          | -              | 8,778          | -   |
| Total                               | <u>130,160</u> | <u>116,648</u> | <u>13,512</u>                                   |
| Vehicle:                            |                |                |   |
| Fuel                                | -              | 2,800          | -   |
| General Repair                      | -              | 6,908          | -   |
| General Supplies                    | -              | 1,103          | -   |
| Total                               | <u>16,000</u>  | <u>10,811</u>  | <u>5,189</u>                                    |

The Notes to the Financial Statements are an integral part of this statement.

# Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Schedule 3

Page 4

Statement of Revenues, Expenditures and Changes in Fund Balance

General Operating Fund

For the Year Ended March 31, 2004

|   | <u>Budget</u>      | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|--------------------|-------------------|---|
| Capital Outlay  | <u>9,000</u>       | <u>8,123</u>      | <u>877</u>                                      |
| Debt Service  | <u>-</u>           | <u>-</u>          | <u>-</u>  |
| Total Expenditures  | <u>625,267</u>     | <u>552,811</u>    | <u>72,456</u>                                   |
| <u>Excess Revenues (Expenditures)</u>                                 | <u>(6,497)</u>     | <u>70,619</u>     | <u>77,116</u>                                   |
| <u>Other Financing Sources</u>  |                    |                   |   |
| Transfers In  | <u>-</u>           | <u>-</u>          | <u>-</u>  |
| Transfers Out   | <u>(25,000)</u>    | <u>(25,000)</u>   | <u>-</u>  |
| Total   | <u>(25,000)</u>    | <u>(25,000)</u>   | <u>-</u>  |
| <u>Excess Revenues (Expenditures) and<br/>Other Financing Sources</u> | <u>\$ (31,497)</u> | <u>45,619</u>     | <u>\$ 77,116</u>                                |
| <u>Fund Balance</u> – Beginning of Year                               |                    | <u>197,603</u>    |   |
| <u>Fund Balance</u> – End of Year                                     |                    | <u>\$ 243,222</u> |   |

The Notes to the Financial Statements are an integral part of this statement.

# Tobin & Co.

## Suttons Bay-Bingham Fire and Rescue Department

## Schedule 4

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### Equipment Replacement Fund

For the Year Ended March 31, 2004

|   | <u>Budget</u>    | <u>Actual</u>   | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|------------------|-----------------|---|
| <u>Revenues – Grant</u>   | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ -</u>                                     |
| Total   | <u>-</u>         | <u>-</u>        | <u>-</u>  |
| <u>Expenditures – Capital Outlay</u>                                  | <u>-</u>         | <u>29,829</u>   | <u>(29,829)</u>                                 |
| Total   | <u>-</u>         | <u>29,829</u>   | <u>(29,829)</u>                                 |
| <u>Excess Revenues (Expenditures)</u>                                 | <u>-</u>         | <u>(29,829)</u> | <u>(29,829)</u>                                 |
| <u>Other Financing Sources</u>  |                  |                 |   |
| Operating Transfers In  | 20,000           | 20,000          | -   |
| Operating Transfers Out   | <u>-</u>         | <u>-</u>        | <u>-</u>  |
| Total   | <u>20,000</u>    | <u>20,000</u>   | <u>-</u>  |
| <u>Excess Revenues (Expenditures) and<br/>Other Financing Sources</u> | <u>\$ 20,000</u> | <u>(9,829)</u>  | <u>\$ (29,829)</u>                              |
| <u>Fund Balance – Beginning of Year</u>                               |                  | <u>15,157</u>   |   |
| <u>Fund Balance – End of Year</u>                                     |                  | <u>\$ 5,328</u> |   |

The Notes to the Financial Statements are an integral part of this statement.

# Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Schedule 5

## Statement of Revenues, Expenditures and Changes in Fund Balance

### Vehicle Replacement Fund

For the Year Ended March 31, 2004

|   | <u>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|---------------|------------------|---|
| <u>Revenues</u>   | <u>\$ -</u>   | <u>\$ -</u>      | <u>\$ -</u>                                     |
| Total   | <u>-</u>      | <u>-</u>         | <u>-</u>  |
| <u>Expenditures</u>   | <u>-</u>      | <u>-</u>         | <u>-</u>  |
| Total   | <u>-</u>      | <u>-</u>         | <u>-</u>  |
| <u>Excess Revenues (Expenditures)</u>                                 | <u>-</u>      | <u>-</u>         | <u>-</u>  |
| <u>Other Financing Sources</u>  |               |                  |   |
| Operating Transfers In  | -             | -                | -   |
| Operating Transfers Out   | <u>-</u>      | <u>-</u>         | <u>-</u>  |
| Total   | <u>-</u>      | <u>-</u>         | <u>-</u>  |
| <u>Excess Revenues (Expenditures) and<br/>Other Financing Sources</u> | <u>\$ -</u>   | <u>-</u>         | <u>\$ -</u>                                     |
| <u>Fund Balance – Beginning of Year</u>                               |               | <u>22,199</u>    |   |
| <u>Fund Balance – End of Year</u>                                     |               | <u>\$ 22,199</u> |   |

The Notes to the Financial Statements are an integral part of this statement.

# Tobin & Co.

## Suttons Bay-Bingham Fire and Rescue Department

## Schedule 6

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### Building Fund

For the Year Ended March 31, 2004

|   | <u>Budget</u>   | <u>Actual</u>   | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|-----------------|-----------------|---|
| <u>Revenues</u>   |                 |                 |   |
| Contributions from Townships  | \$ -            | \$ 17,900       | \$ 17,900                                       |
| Grants  | -               | 45,000          | 45,000  |
| Total   | -               | 62,900          | 62,900  |
| <u>Expenditures</u>   |                 |                 |   |
| Capital Outlay  | -               | 63,704          | (63,704)  |
| Debt Service  | -               | 14,941          | (14,941)  |
| Total   | -               | 78,645          | (78,645)  |
| <u>Excess Revenues (Expenditures)</u>                                 | -               | (15,745)        | (15,745)  |
| <u>Other Financing Sources</u>  |                 |                 |   |
| Operating Transfers In  | 5,000           | 5,000           | -   |
| Operating Transfers Out   | -               | -               | -   |
| Total   | 5,000           | 5,000           | -   |
| <u>Excess Revenues (Expenditures) and<br/>Other Financing Sources</u> | <u>\$ 5,000</u> | (10,745)        | <u>\$ (15,745)</u>                              |
| <u>Fund Balance – Beginning of Year</u>                               |                 | 17,560          |   |
| <u>Fund Balance – End of Year</u>                                     |                 | <u>\$ 6,815</u> |   |
| (1) Budgeted from Fund Balance  |                 |                 |   |

The Notes to the Financial Statements are an integral part of this statement.



# Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Schedule 7

## Statement of Revenues, Expenditures and Changes in Fund Balance

### Budget Stabilization Fund

For the Year Ended March 31, 2004

|   | <u>Budget</u> | <u>Actual</u> | Variance<br>Favorable<br>(Unfavorable) |
|---|---------------|---------------|--|
| <u>Revenues</u>   | \$ -          | \$ -          | \$ -                                   |
| Total   | -             | -             | -                                      |
| <u>Expenditures</u>   | -             | -             | -                                      |
| Total   | -             | -             | -                                      |
| <u>Excess Revenues (Expenditures)</u>                                 | -             | -             | -                                      |
| <u>Other Financing Sources</u>  |               |               |  |
| Operating Transfers In  | -             | -             | -                                      |
| Operating Transfers Out   | -             | -             | -                                      |
| Total   | -             | -             | -                                      |
| <u>Excess Revenues (Expenditures) and<br/>Other Financing Sources</u> | (1) \$ -      | -             | \$ -                                   |
| <u>Fund Balance</u> – Beginning of Year                               |               | 20,000        |  |
| <u>Fund Balance</u> – End of Year                                     |               | \$ 20,000     |  |

(1) Budgeted from Fund Balance

The Notes to the Financial Statements are an integral part of this statement.